

MINUTES
BOARD OF SELECTMEN
WEDNESDAY, DECEMBER 13, 2006
SPECIAL JOINT SESSION
COMMUNITY ROOM, CHENERY MIDDLE SCHOOL
7:00PM

A special meeting of the Board was called to order in open session at 7:06 PM in the Community Room of the Chenery Middle School. Chairman Solomon and Selectman Firenze were present. Town Administrator Tom Younger and Assistant Town Administrator Jeff Conti were also present. The Board met in joint session with members of the Warrant Committee, School Committee, and Capital Budget Committee as the "Structural Group". The purpose of the group is to look at ways to make Town government more efficient and less costly.

The Group heard presentations from subgroups. Chairman Solomon explained that as suggested at the previous meeting, Health Insurance and Outsourcing would present last and receive the most discussion.

Regionalization (Mark Paolillo): The group met with the Mayor of Woburn. The Metropolitan Area Planning Committee will be organizing a January meeting for six communities including Belmont, Lexington and neighboring communities focusing on shared purchasing and services.

School/Town Consolidation: (Scott Stratford) Facilities Management is the current focus of this subgroup. The group has reviewed previous studies and spoken with Building Services, School, and Library personnel, as well as the Town Manager from Reading who oversaw consolidation of building services in Reading in the 1990s.

The group's recommendation is to move forward in three phases; cooperation, coordination, and consolidation. Cooperation is already well underway but can be formalized and enhanced in areas like mail and interoffice delivery. Most cooperative efforts would require little or no expenditure, just communication and shared resources.

Coordination could involve the Town beginning to use the school's maintenance administration software and joint longer-range planning. The consolidation phase would build off the productivity and cost-effectiveness of phases 1 and 2, and would involve a new budget structure and agreed lines of authority with a phased implementation, taking into account collective bargaining issues and a realistic assessment of the long-term financial needs of the buildings.

New Sources of Revenue (Jim Heigham): Because so many sources of revenue are limited by statute, it is not felt that the opportunity for significant increased revenue exists. There are a few small services the Town currently provides for free that could be charged for, and possible PILOT fees from private schools, but it would not add up to a great deal. Disposal of unused Town land is also a revenue generator. These efforts will continue, but the subgroup does not see much purpose in continuing its study at this point.

Energy/Resources Savings (Jenny Fallon): The Board of Selectmen has adopted an energy policy for the Town and the School Committee will consider it in January. The next phase is data gathering and benchmark setting; the group is looking at possible partners and various methods of doing that. A meeting will be held in January to discuss implementation of the energy policy.

Systems & Process Efficiencies (Tom Younger): Mr. Younger has met with Council on Aging Director Nava Niv-Vogel and DPW Director Peter Castanino to discuss the planned zero based budgeting exercise with those departments for the FY08 budget. It was decided to focus on a sub-area of DPW because it is so big. Selectman Firenze was concerned about scaling back the

DPW portion of the project as the initial concept was to choose one small and one large department. There was discussion.

Core Activities (Jenny Fallon): The group has met and will meet again in January. Clayton Christensen has suggested involving people who are not normally involved in the process and will form a focus group to look at this either by services provided, by age group served, or some other schema. Another part of this is what makes Belmont distinct from other towns. Why do people move to Belmont and what are their expectations?

Asset Management (Pat Bruschi): This group is looking at infrastructure and what is on top of the land (buildings). The next step will be digesting all the data collected by the consolidation group. KPMG did a study for Reading on what is the right amount of money to spend annually on these things and the group will be looking at that.

Health Insurance (Chris Delory): The subgroup shared some revised cost estimates and the most recent claims figures from Harvard Pilgrim (HP). The Town has had two good years with claims increasing by 5% but premiums increasing by 9%. While this does not represent unreasonable profit by HP, self funding would allow the Town to capture that difference and earn interest on it rather than HP capturing it. Part or all of that difference goes into a reserve fund to guard against a catastrophic claims year.

It was clarified that under self-insurance, an appeal of coverage comes ultimately back to the Town whereas under the current plan it remains with HP.

There was discussion of whether there would be minute plan differences that would require the Town to collectively bargain this change. There would be a per person lifetime coverage cap of \$5 million - which might be unreachable but technically might constitute a bargainable difference in benefits. However, if the Town will assume the liability beyond that cap, then there is no difference to the employee. Kathy Miller said the school department's lawyer and Town Counsel disagree on whether this must be bargained. They will need to talk to each other.

Ms. Fallon said the Town will need a committed group to oversee this. Mr. Delory said a committee could meet quarterly with the aid of the same kind of healthcare consultant who looks at our plan now.

Outsourcing (Liz Allison): The group has done further research on what towns around the country are doing in this area. There are small towns out west and in the South that outsource all of Town government except the Town Manager. There are three major firms that provide a full range of municipal services. Although the group thinks this is not a good option for Belmont, examination of their experience would be mind broadening.. Many towns outsource entire departments, generally fee-based such as utilities, sanitation, and recreation. The most widely outsourced function is food service.

In which areas is Belmont spending money on outsourceable functions? There is a substantial amount in the budget though some is offset by fees. Food services, including medical insurance chargebacks, have run at a deficit for two out of the last four years. Because these are part time, school year only positions, benefits costs are very high relative to wages. Landscaping costs \$900K, vehicle maintenance \$500K, street maintenance \$400K, ambulance service \$200K to name a few. Holding quality constant, savings could average 10-25% based on what other communities have achieved.

One suggestion for FY08 and beyond is to educate all departments that a \$12/hr part time employee who gets benefits is the equivalent of a non-benefited employee at over \$50/hr. A second suggestion is to look at specific functions - vehicle maintenance, landscaping, rink, food service, and school professional aides. Kathy Miller said the schools had looked at outsourcing the professional aides and couldn't find a provider. Gerry Missal said outsourcing this particular

function could create problems with the IRS over the definition of a town employee vs. a contract employee. Jim Heigham and Mark Paolillo clarified the fact that as long as the contract is with a firm rather than an individual employee, there is no issue with the IRS.

The next step for the group is to look at how to implement outsourcing - who would make the decision to proceed, where would oversight be. In other words, the question is how to outsource a function, not whether to outsource it - that is for the core services group to decide. The fate of town employees would also have to be considered and here Belmont can learn from the experience of other communities. The group sees the potential for \$400-600K in annual savings at comparable quality of service.

Selectman Firenze suggested picking one area with an obvious return that seems feasible and focusing on that. There was agreement that the Selectmen should have a full discussion of this issue in January.

Ms. Fallon said we should be reasonable in our expectations on town staff for how many of these reforms can be implemented at the same time.

Mark Clark pointed out that any analysis of core services will not map with the current town department structure. In other words, if fire suppression is a core service, it's not all done by the Fire Department - it requires water pressure and roads and snow plowing also. Therefore, he does not think that progress on outsourcing should be delayed until the core services group can report.

The next meeting of the Structure Group will be tentatively scheduled for Wednesday January 31.

The Board adjourned at 9:28 PM.

Thomas G. Younger, Town Administrator